

Minutes

Member Representatives Committee

May 14, 2020 | 11:00 a.m. – 1:00 p.m. Eastern

Chair Jennifer Sterling, with Vice Chair Paul Choudhury present, called to order a duly noticed meeting of the Member Representatives Committee (MRC) of the North American Electric Reliability Corporation (NERC) via teleconference on May 14, 2020, at 11:00 a.m., Eastern, and a quorum was declared present. The agenda and MRC members and their proxies in attendance are attached as **Exhibits A and B**, respectively.

Introduction and Chair's Remarks

Ms. Sterling welcomed MRC members, acknowledging the NERC Board of Trustees (Board), Andy Dodge and others from the Federal Energy Regulatory Commission (FERC), State Commissioner Kate Bailey, CAMPUT representative David Morton, and Tab Gangopadhyay from the Canada Energy Regulator. Ms. Sterling reminded attendees that presentations conducted at the open Board committee meetings would not be repeated during the MRC meeting. She acknowledged the MRC's responses to the policy input request from Roy Thilly, Chair of the Board.

Ms. Sterling also noted that at the February meeting, the MRC agreed to form a sub-group to work with the Compliance and Certification Committee on the transition from the ERO Enterprise Effectiveness Survey. She asked MRC members interested in volunteering for the sub-group to contact herself, Mr. Choudhury, or Kristin Iwanechko.

NERC Antitrust Compliance Guidelines and Public Announcement

Ms. Iwanechko directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the agenda package, and indicated that all questions regarding antitrust compliance or related matters should be directed to Sonia Mendonca, senior vice president, general counsel, and corporate secretary at NERC.

Minutes

Upon motion duly made and seconded, the MRC approved the minutes of the February 5, 2020, and April 15, 2020, meetings as presented at the meeting.

Future Meetings

The schedule of future meeting dates, including the pre-meeting and informational webinars for 2020, was included in the agenda package. Mr. Thilly noted that the August Board, Board Committee, and MRC meetings will be converted to teleconference due to the COVID-19 pandemic.

Board of Trustees Nominating Committee Update

Ken DeFontes, chair of the Board of Trustees Nominating Committee (BOTNC), noted that the BOTNC met in closed session on May 11, 2020, with the search firm for the Canadian trustee to review a short list of

impressive candidates to fill the vacancy resulting from Dave Goulding's retirement. The BOTNC determined a final set of candidates for interviews on June 16 and 17, 2020, with a recommendation for a final candidate slated for approval at the August MRC meeting.

In addition, the BOTNC met in a separate closed session on May 11, 2020, with a different search firm to begin the search to replace Jan Schori whose fourth and final term will expire in February 2021. A public announcement for the opportunity to suggest candidates will be sent the week of May 18, 2020.

Business Plan and Budget Input Group Update

Sylvain Clermont, chair of the Business Plan and Budget Input Group, provided an update on the group's activities. During the group's most recent call, they reviewed the status of the 2021 business plan and budget development, as well as the funding strategy for Align and the ERO Secure Evidence Locker (ERO SEL). He thanked NERC for their continued transparency through the business plan and budget development process.

Regulatory Update

Ms. Mendonca invited questions or comments regarding the regulatory report, which highlights Canadian affairs, as well as past and future significant FERC filings.

MRC Self-Assessment and MRC Effectiveness Survey Results Update

Ms. Sterling provided an update on progress toward addressing the focus areas identified from the MRC self-assessment and MRC effectiveness survey, both issued in early 2019. She highlighted the following:

- Working with Mr. Clermont to document the Business Plan and Budget Input Group's responsibilities;
- Improved internal communications;
- Improved MRC agenda planning and management, with a shift to separating the business items from the technical items and adjusting the time of the MRC meetings based on the agenda items;
- Increased focus during the New Member Orientation on meeting preparation, encouraging balanced participation, and outside influences; and
- Determination that holding a joint closed meeting with the Board and MRC would not be practical unless there was a particular topic that would warrant a closed session per the NERC Bylaws.

Ms. Sterling stated that for the next survey, she will work with Mr. Choudhury and Ms. Iwanekko to streamline the surveys, potentially with the MRC completing a self-assessment and the Board and NERC management completing an effectiveness survey for a 360 view. MRC members are encouraged to share other ideas for streamlining these surveys.

Responses to the Board's Request for Policy Input

Ms. Sterling acknowledged the MRC's responses to Mr. Thilly's April 15, 2020, letter requesting policy input on the Align tool delay and establishment of the ERO SEL, in addition to the preliminary agenda topics for the May meetings. Responses to the letter are [posted](#) with the Board agenda materials on the NERC website.

Align Tool Delay and Establishment of Secure Evidence Locker System

Presentations regarding Align and the ERO SEL were given at the Technology and Security Committee and Finance and Audit Committee meetings the previous day. Board members acknowledged the importance of these projects and working collaboratively to ensure success. Ms. Sterling opened the meeting to additional discussion on this topic and the policy input submitted.

- An MRC member suggested the need to set up a process for involving entities in discussions regarding Align and the ERO SEL going forward when those entities may be limited in their ability to sign non-disclosure agreements due to sunshine laws. NERC staff acknowledged this concern and is working on a strategy to allow those groups to participate via an updated non-disclosure agreement process.
- An MRC member requested clarification on what sensitive information should and should not be included in the ERO SEL. Mechelle Thomas stated that the ERO SEL is designed to accommodate all sensitive information securely, but NERC has developed a list of sensitive data for which an exception process would apply upon request by a registered entity. This process is in development and NERC will share additional details as appropriate within the next few months.
- An MRC member asked how NERC will ensure that it and the Regional Entities are aligned on how the system will be used. Ms. Thomas and Stan Hoptroff stated that harmonization and training efforts with the Regional Entities are underway.
- An MRC member asked about expectations for registered entity provided lockers. Mr. Hoptroff stated that functional specifications are posted on the NERC website for those registered entities that choose to provide their own SEL. He also offered to have individual conversations with any registered entity that is interested.
- An MRC member asked whether registered entities would be notified when an action is taken (e.g., access, destruction) on information included in the ERO SEL. Mr. Hoptroff stated that NERC is looking into that capability.

Additional Policy Discussion of Key Items from Board Committee Meetings

Attendees did not have any additional comments related to the Board's Corporate Governance and Human Resources Committee, Technology and Security Committee, and Finance and Audit Committee meetings.

MRC Input and Advice on Board Agenda Items and Accompanying Materials

Attendees did not have any comments on the items on the Board's agenda following the MRC meeting.

Update on FERC Reliability Matters

Andy Dodge, director of the Office of Electric Reliability at FERC, provided an update on the following FERC reliability activities: Commission actions on the COVID-19 pandemic; FERC/NERC guidance to ensure reliability amid potential coronavirus impacts; further Commission action to prioritize and provide regulatory relief; Order granting deferred implementation of certain NERC Reliability Standards; Notice of Inquiry regarding virtualization and cloud services for power grid operations; delays on reliability and security related actions; Notice of Proposed Rulemaking regarding transmission incentives; May 4, 2020, technical conference on storage as a transmission only resource; and upcoming conferences and Commission meetings.

Update on Cloud Computing

Lonnie Ratliff, senior manager, cyber and physical security assurance at NERC, highlighted the FERC Notice of Inquiry issued seeking benefits and risks with virtualization and cloud services. He discussed the proliferation of cloud computing projections, potential security risks, and ongoing compliance activities and coordination related to the current and developing CIP standards. In particular, Mr. Ratliff focused on the storage of BES Cyber System Information (BCSI), use of cloud-based service models, cloud-focused future, and future Critical Infrastructure Protection (CIP) Reliability Standards development.

2020 Summer Reliability Assessment Preview

John Moura, director, reliability assessments at NERC, provided an overview of the *Pandemic Preparedness and Operational Assessment – Spring 2020* that was developed and recently published as a bridge to the 2020 Summer Reliability Assessment (SRA). He reviewed the pandemic and mitigation strategy risks and NERC's pandemic response in five areas: E-ISAC, NERC alerts, reliability assessments, industry coordination, and compliance and FERC coordination.

Mr. Moura highlighted the preliminary key findings of the SRA: (1) sufficient resources, but a need to monitor outages; and (2) demand uncertainty. He also discussed 2020 summer reserve margins, operating challenges during the pandemic, and wildfire risk. Mr. Moura indicated that an embargoed report will be distributed to the Board and MRC on May 27, 2020, after endorsement from the Planning Committee and approval from NERC Executive Management. NERC expects to release the report on June 2, 2020.

2020 State of Reliability Preview

Mr. Moura provided a preview of the 2020 State of Reliability Report, which is intended to offer objective, credible, and concise information to policy makers, industry leaders, and the Board on issues affecting the reliability and resilience of the North American bulk power system (BPS). He reviewed the preliminary key findings: (1) improved reliability in 2019; (2) no category 3, 4, or 5 events; (3) frequency response is stable or improving; (4) conventional generation forced outage rate is down; (5) slight uptick in the number of Energy Emergencies; (6) improved protection system misoperations rate; and (7) extreme events caused by winter weather and fire are the most severe to the BPS. Mr. Moura also provided an overview of the information in each of the sections of the report: (1) By the Numbers: The North American BPS; (2) Events Analysis Review; (3) Reliability Indicators; (4) Severity Risk Index and Component Analysis; and (5) Trends in Priority Reliability Issues. An embargoed report will be distributed to the Board and MRC on or about July 9, 2020. NERC staff is scheduled to present the report to the Board for acceptance on July 23, 2020, with a targeted release date of July 30, 2020.

Adjournment

There being no further business, the meeting was adjourned.

Submitted by,



Kristin Iwanechko
Secretary

Agenda

Member Representatives Committee

May 14, 2020 | 11:00 a.m. – 1:00 p.m. Eastern

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Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Announcement*

Consent Agenda

- 1. Minutes - (Approve)**
 - a. February 5, 2020 Meeting*
 - b. April 15, 2020 Conference Call*
- 2. Future Meetings***

Regular Agenda

- 3. General Updates and Reports**
 - a. Board of Trustees Nominating Committee Update*
 - b. Business Plan and Budget Input Group Update*
 - c. Regulatory Update*
 - d. MRC Self-Assessment and MRC Effectiveness Survey Results Update*
- 4. Policy and Discussion Items**
 - a. Responses to the Board's Request for Policy Input*
 - i. Align Tool Delay and Establishment of Secure Evidence Locker System
 - b. Additional Policy Discussion of Key Items from Board Committee Meetings*
 - i. Corporate Governance and Human Resources Committee
 - ii. Technology and Security Committee
 - iii. Finance and Audit Committee
 - c. MRC Input and Advice on Board Agenda Items and Accompanying Materials*

Technical Updates

5. **Update on FERC Reliability Matters***
6. **Update on Cloud Computing***
7. **2020 Summer Reliability Assessment Preview***
8. **2020 State of Reliability Preview***

*Background materials included.

Member Representatives Committee - Attendance (May 14, 2020)

Voting Members

First Name	Last Name	Sector
Jennifer	Sterling	Chair
Paul	Choudhury	Vice Chair
Jennifer	Flandermeyer	1. Investor-Owned Utility
Thad	Ness	1. Investor-Owned Utility
Carol	Chinn	2. State/Municipal Utility
Roy	Jones	2. State/Municipal Utility
Greg	Ford	3. Cooperative Utility
Jason	Marshall	3. Cooperative Utility
Sylvain	Clermont	4. Federal/Provincial
Martin	Huang	4. Federal/Provincial
Lloyd	Linke	4. Federal/Provincial
Bill	Gallagher	5. Transmission Dependent Utility
John	Twitty	5. Transmission Dependent Utility
Martin	Sidor	6. Merchant Electricity Generator
Sean	Cavote	6. Merchant Electricity Generator
Brad	Cox	7. Electricity Marketer
Chris	Haas	7. Electricity Marketer
Devin	Hartman	8. Large End-Use Electricity Customer
Venona	Greaff	8. Large End-Use Electricity Customer
Michael	Moody	9. Small End-Use Electricity Customer
Bill	Magness	10. ISO/RTO
Gordon	van Welie	10. ISO/RTO
Peter	Gregg	10. ISO/RTO
Todd	Hillman	11. Regional Entity - SERC
Simon	Whitelocke	11. Regional Entity - RF
Matt	Schuerger	12. State Government - Proxy Michelle Rosier
Kate	Bailey	12. State Government

Non-Voting Members

First Name	Last Name	Sector
David	Morton	Canadian Provincial
Tab	Gangopadhyay	Canadian Federal
Andy	Dodge	U. S. — Federal
Harvey	Reed	Regional Entity - NPCC
Melanie	Frye	Regional Entity - WECC
Liz	Jones	Regional Entity - Texas RE
Kristin	Iwanechko	Secretary